
LIFELINES-Update

HAZLETON-SAINT JOSEPH MEDICAL CENTER

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PROPOSED ALLIANCE TALKS CONTINUE TO MAKE PROGRESS

Since our last newsletter, some important developments have occurred as discussions continue, aimed at the proposed alliance of Hazleton General Hospital and Hazleton-Saint Joseph Medical Center.

The Boards of Trustees of both hospitals and the Hazleton Healthcare Foundation held a joint retreat last month. During that meeting important information about all major issues concerning the proposed alliance was presented by legal counsel.

After joint discussion, the boards of each hospital met in separate meetings and adopted resolutions to approve the structure, bylaws, and binding agreement for the alliance. The recommendations are contingent on approval of legal counsel, the Pennsylvania Attorney General's Office and the Bernardine Franciscan Sisters. The proposed corporate structure for the alliance appears in this newsletter.

Other significant progress made to date:

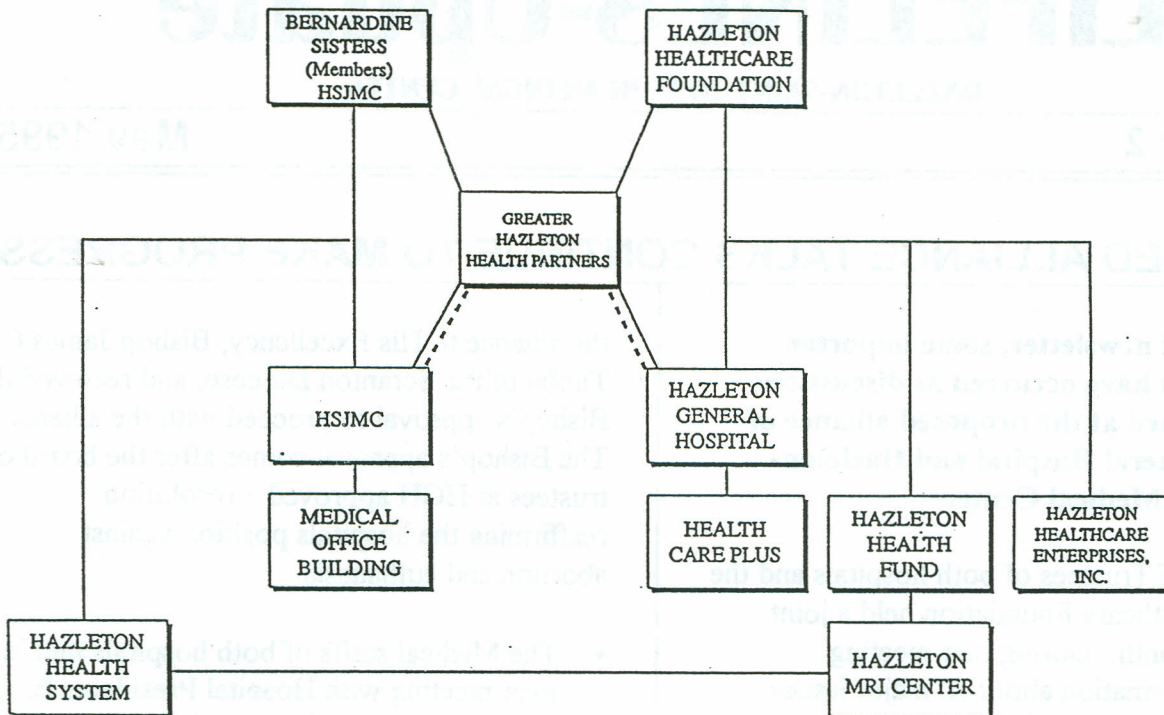
- Legal Counsel for the alliance will formally present the alliance proposal to the Pennsylvania Attorney General's Office for Review in the immediate future. The proposal has already been informally discussed with the anti-trust division of the Attorney General's office.
- Representatives of the Bernardine Sisters, board and the administration of Hazleton-Saint Joseph Medical Center have presented

the alliance to His Excellency, Bishop James C. Timlin of the Scranton Diocese, and received the Bishop's approval to proceed with the alliance. The Bishop's approval comes after the board of trustees at HGH approved a resolution reaffirming the hospitals position against abortion and euthanasia.

- The Medical staffs of both hospitals met in a joint meeting with Hospital Presidents E. Richard Moore and Bernard C. Rudegear to learn important information from Attorney Jeff Miles, antitrust counsel, who will present the alliance proposal to the state Attorney General's office.
- The process known as "due diligence," examination of each hospitals financial and contractual obligations and indebtedness, has been completed.
- Representatives of Hazleton-Saint Joseph Medical Center have met with the hospital's bond counsel and have received an initial favorable response to the propose alliance.
- The administrative teams of both hospitals have continued discussions of the proposed efficiencies of the alliance to be presented to the state Attorney General's Office for approval.

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The Proposed Alliance.....



Pictured above is the proposed structure of the alliance, which has the working name of "Greater Hazleton Health Partners."

The organizational structure shows the parent corporations of each hospital, which would maintain their separate identities under the alliance, but would be managed by the partnership. Greater Hazleton Health Partners would be a new corporation formed to perform this management function.

Rumor Control.....

Once again, it is important that we avoid listening to rumors that have no basis in fact. Many aspects of the proposed alliance remain "fluid" at this time. As before, we ask that if you have a question, please contact your Human Resources Department or appropriate vice-president.

P.S.....

A pending announcement of an integrated delivery system formed in the Lehigh Valley Area and possibly involving the two Hazleton hospitals is in no way connected to the proposed alliance. It is a totally different project!